

WEST DUNBARTONSHIRE COUNCIL**Report by the Chief Officer - Resources****Housing and Communities Committee: 22 November 2023**

**Subject: Housing Revenue Account Budgetary Control Report
 to 31 August 2023 (Period 05)**

1. Purpose

- 1.1** The purpose of the report is to provide members with an update on the financial performance to 31 August 2023 (Period 05) of the HRA revenue and capital budgets for 2023/24.

2. Recommendations**2.1** Members are asked to :

- i) note the revenue analysis shows projected adverse variances of £2.309m; and
- ii) note the net projected annual position in relation to the capital plan is highlighting an in-year adverse variance of £63.776m (51.1%) which is made up of re-profiling of £64.176m (51.4%) and overspend of £0.401m (0.3%) as detailed in Appendix 4.

It should be noted that these are the financial projections as at Period 5 which were reported to Council on 25 October 2023. Since they were produced the Chief Officer for Housing and Employability, in conjunction with the Council's Chief Officer for Resources has progressed work to identify options to reduce the projected revenue overspend. This work is still being progressed however current indications are that there will be viable options to reduce the in year overspend to the extent that no contribution from the General Fund will be required.

3. BackgroundRevenue

- 3.1** At the meeting of West Dunbartonshire Council on 01 March 2023, Members agreed the revenue estimates for 2023/24 and a total budget of £49.643m.

Capital

- 3.2** At the meeting of Council on 01 March 2023, Members also agreed the updated Capital Plan for 2023/24 which has been augmented by re-profiling

and from 2022/23 and budget adjustment to produce a total planned spend for 2023/24 of £124.846m.

4. Main Issues

Revenue

- 4.1** The budgetary position for HRA Revenue is provided in Appendix 1 with information on projected variances valued at more than £0.050m being provided as Appendix 2.
- 4.2** The HRA revenue account has come under severe financial pressure in 2023/24. After applying all available HRA reserves, there remains a £2.309M anticipated HRA revenue deficit in 2023/24. The Housing (Scotland) Act 1987 specifies that if an HRA deficit arises in any one year, the local authority must make a contribution to make good the deficit from the General Fund. The HRA would then be expected to repay that contribution from any future surpluses generated.
- 4.4** The main pressure areas are repairs and loan charges interest payments. Repairs overspend has arisen due to several factors including inflationary increases in materials and labour and large numbers of voids at start of financial year. Void numbers have now significantly reduced therefore it is expected costs will start to reduce in this area in the coming years. Also the efficiency of the work carried will continue to be assessed with a view to minimising the costs of repairs through improved productivity. The recent large increases in interest rates has led to a substantial increase in interest payments for loans outstanding.

Capital

- 4.5** The HRA capital summary position is shown in Appendix 3. Information on projects that are highlighted as being within the Red category is provided in Appendix 4 and Appendix 5 provides information on the projects at Green. A summary of anticipated resources is shown in Appendix 6. The analysis shows that there is currently a projected in-year adverse variance of £63.776m (51.1%), which is made up of re-profiling of £64.176m (51.4%) and overspend of £0.401m (0.3%).
- 4.6** From the analysis within the appendices it can be seen that the main project with forecast material re- profiling being required is:

Project Name	Re-profiling (£m)
Affordable Housing Supply Programme	62.682

Reasons/ factors for needing re – profiling in respect of each new build site for slippage are explained in Appendix 4, project 8

5. People Implications

5.1 There are no people implications.

6. Financial and Procurement Implications

6.1 Other than the financial position noted above, there are no financial implications of the budgetary control report. There are no procurement implications arising from this report.

7. Risk Analysis

7.1 The main financial risks to the ongoing financial position relate to unforeseen cost being identified between now and the end of the financial year. This can affect all service areas.

8. Equalities Impact Assessment (EIA)

8.1 The report is for noting and therefore no Equalities Impact Assessment was completed for this report.

9. Consultation

9.1 The views of both Housing management and Legal services have been requested on this report and both have advised there are neither any issues nor concerns with the proposal.

10. Strategic Assessment

10.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the five strategic priorities of the Council's Strategic Plan. This report forms part of the financial governance of the Council. This report is for noting and, therefore, does not directly affect any of the strategic priorities.

Laurence Slavin
Chief Officer – Resources
Date: 26 October 2023

Person to Contact: Janice Rainey - Business Unit Finance Partner (HEED),
16 Church Street, Dumbarton, G82 1QL,

Telephone: 01389 737704, e-mail janice.rainey@west-dunbarton.gov.uk

Appendices:

Appendix 1 - Budgetary Position (Revenue)
Appendix 2 - Variance analysis (Revenue)
Appendix 3 - Budgetary Position (Capital)
Appendix 4 - Variance analysis Red (Capital)
Appendix 5 - Variance analysis Green Projects (Capital)
Appendix 6 - Resources (Capital)
Appendix 7 - Analysis of Affordable Housing Supply Programme (Capital)

Background Papers:

None

Wards Affected:

All